

FISCAL NOTE
SB 1441 - HB 1409

April 26, 2005

SUMMARY OF BILL: Creates the Tennessee Pharmaceutical Availability and Affordability Act. Requires brand pharmaceutical manufacturers to create a program to assist state residents who are low income or uninsured to gain access to prescription medications through existing public and private programs, including discount and coverage programs. The manufacturers would be responsible for the cost of establishing the program and for running the program until June 30, 2006, when the program, ownership of the technology, website and other features will be transferred to the state. Discounts are passed on at the point of sale but no more than 50% can be the responsibility of the pharmacy. Pharmacies receive a \$3.50 fill fee. The Pharmaceutical Cost Management Council will oversee the program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$6,000,000
\$256,400 One-Time

Assumptions:

- The Pharmaceutical Manufacturers will be responsible for the cost of establishing the program and running the program until June 30, 2006 when at such time the program will be transferred to the state.
- The Department of Finance and Administration will need additional positions for management and oversight including a pharmacy director, 3 planning analysts and an ASA estimated at \$358,000 for salary and benefits and \$67,000 for office support and professional services.
- The Pharmacy Cost Management Council is estimated to increase expenditures by \$25,000 for meetings.
- The Department of Human Services will also need additional positions for management and oversight including a pharmacy director, deputy director and administrative assistant estimated at \$424,800 for salary and benefits.
- Four additional positions for help line staff estimated at \$185,700 for salary, benefits and office support.
- Administrative Services Contract for claims processing \$4,800,000.
- 23 Eligibility Counselors estimated at \$1,080,700 for salary, benefits and office support.
- Modifications to the ACCENT program are estimated at \$178,600.
- One-time expenditures include computers, cabling and connect fees for additional employees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director